

GALLAGHER & KENNEDY

P.A.

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September 1, 2011

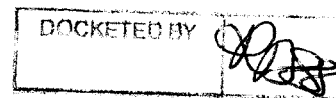
HAND DELIVERED

Docket Control
Arizona Corporation Commission
1200 W. Washington St.
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

SEP 1 2011



Re: *Tariff and Schedule Filing to Revise AEPCO's PPFAC Adjustor Rates;*
Decision No. 72055 (the "Rate Case Decision"); Docket No. E-01773A-09-0472

Dear Sir or Madam:

Pursuant to Decision No. 72055 (Finding 71 and First Ordering Paragraph), enclosed are the original and 13 copies of the following:

1. A revised all-requirements Tariff effective October 1, 2011 stating a new Base Resources Power Cost Adjustor Rate of \$0.00556 and a new Other Resources Power Cost Adjustor Rate of a negative \$0.01064 for AEPCO's collective all-requirements members;

2. A revised partial-requirements rates and fixed charge Schedule effective October 1, 2011 stating new PPFAC Adjustor Rates as follows: (a) for Mohave Electric Cooperative, a Base Resources Power Cost Adjustor Rate of \$0.00818 and Other Resources Power Cost Adjustor Rate of \$.03478; for Sulphur Springs Valley Electric Cooperative, a Base Resources Power Cost Adjustor Rate of \$0.00604 and Other Resources Power Cost Adjustor Rate of \$0.03632; and for Trico Electric Cooperative, a Base Resources Power Cost Adjustor Rate of \$0.00436 and Other Resources Power Cost Adjustor Rate of a negative \$0.05208; and

3. A nine-page schedule which provides information concerning the calculation of the revised PPFAC Adjustor Rates and the fuel, purchased power and wheeling costs used to determine them.

This is the initial filing of PPFAC adjustors under the revised clause approved by the Commission in the Rate Case Decision. Therefore, the current adjustors' level is zero for each of the partial-requirements members ("PRM") and the collective all-requirements members ("CARM").

In relation to these adjustor rates, AEPCO has used a six-month instead of a rolling 12-month average—as stated at page 4 of the PRM Schedule and page 5 of the CARM Tariff—of allowable fuel, purchased power and wheeling costs to compute the adjustors. The reason for the shorter calculation period is that AEPCO has only six months of experience concerning its newly-authorized rates structures for its PRMs and CARM upon which to reliably compute the adjustors. For this reason, as allowed by the Third Ordering Paragraph at page 17 of the Rate Case Decision, AEPCO makes an efficacy request that use of this six-month calculation period be authorized for this filing only. AEPCO will have a full 12 months of data upon which to compute the adjustors in the filing due on March 1, 2012.

AEPCO is, in a separate filing, requesting that the Commission authorize different adjustors than those filed here as soon as possible. However, assuming the Commission does not take action on that request before October 1, 2011, the CARM tariff and PRM schedule attached should take effect on that date, pending the Commission's decision on the separate filing.

Very truly yours,

GALLAGHER & KENNEDY, P.A.



By:

Michael M. Grant

MMG/plp
10421-59/2847253
Attachments

cc w/attachments (delivered): Terri Ford, Utilities Division
Barbara Keene, Utilities Division
Candrea Allen, Utilities Division

Original and 13 copies filed with Docket
Control this 1st day of September, 2011.

ARIZONA ELECTRIC POWER COOPERATIVE, INC.

TARIFF

PERMANENT

Effective Date: October 1, 2011

AVAILABILITY

Available to all cooperative associations which are or shall be collective all-requirements Class A members ("CARM") of the Arizona Electric Power Cooperative, Inc. ("AEPCO").

MONTHLY RATE (BILLING PERIOD)

Electric power and energy furnished under this Tariff will be subject to the rates set forth in the attached Exhibit A and the terms set forth herein in addition to any applicable terms set forth in the Member's Wholesale Power Contract.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, the CARM's metered load exceeds its Allocated Capacity, then AEPCO shall compute a Demand Overrun Adjustment for the CARM and each Member shall be charged a portion of such Demand Overrun Adjustment in proportion to that Member's demand ratio share. Such Demand Overrun Adjustment shall equal the product of the CARM's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,
mbdkW = Metered kW of CARM, and
AC = Allocated Capacity of CARM, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth

below) multiplied by the quotient of the Member's demand ratio share of the CARM O&M Charge divided by the sum of the CARM's 12-month rolling average demand. The power factor adjustment shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

pfakW = power factor adjustment in kW,
mkW = Member Metered kW,
mpf = measured power factor at the time of Member peak demand, and
bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Capacity and Energy Below Allocated Capacity – If CARM is utilizing a Future Resource, Supplemental Purchase or S&G PPA in any hour to serve Native Load and CARM fails to take its required share of Minimum Base Capacity or Minimum Other Capacity, CARM shall pay a charge as set forth in Section 2.4 of Rate Schedule A to the Member's Wholesale Power Contract.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or "cap and trade" or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Transmission and Ancillary Service Charges – Each Class A member shall also be billed by AEPCO for charges AEPCO incurs for the transmission of power and energy to the Class A member's delivery point(s). Such charges will be assessed to the Class A member at the rates actually charged AEPCO by the transmission provider and others for transmission service and the provision of ancillary services.

Power Cost Adjustor Rates

"Base Resources" are defined as (1) AEPCO's Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

"Other Resources" are defined as (1) AEPCO's generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO's Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

$$BF = (BPC + BBA) - \$0.03361$$

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, the purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Base Resources. The BBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Base Resources kWh energy sales.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501, plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the collective all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, less

- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Adjustor Rate

$$OF = (OPC + OBA) - \$0.07941$$

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Other Resources. The OBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Other Resources kWh energy sales.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547, plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges resulting from a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the collective all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, less

- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs for the BPC and the OPC plus the bank balance amortization component for the BBA and OBA. AEPCO shall initially file by September 1, 2011 and thereafter on March 1 or September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates with the Commission which shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	January 1, 2011*
Collective All-Requirements Members:	
Total Fixed Charge/Month	\$238,793**
Total O&M Charge/Month	\$414,019**
Base Resources Energy Rate – \$/kWh	\$0.03156
Other Resources Energy Rate – \$/kWh	\$0.06170

Base Resources Power Cost Adjustor Rate – \$/kWh \$0.00556***
Other Resources Power Cost Adjustor Rate – \$/kWh (\$0.01064)***

* Rates are effective for service provided on and after this date.

** The Total Fixed Charge and the Total O&M Charge will be apportioned among the CARMs and allocated to each CARM based upon each CARM's monthly Demand Ratio Share. The Demand Ratio Share will be calculated each month as the percentage of each CARM's 12-month rolling average demand to the total of the CARMs' 12-month rolling average demand.

*** Effective October 1, 2011 and determined and revised as set forth in the Tariff.

Arizona Electric Power Cooperative, Inc.

Partial-Requirements Schedule Rates and Fixed Charge (Effective October 1, 2011)

Service provided to Mohave Electric Cooperative, Inc. ("MEC"), Sulphur Springs Valley Electric Cooperative, Inc. ("SSVEC") and Trico Electric Cooperative, Inc. ("Trico") by the Arizona Electric Power Cooperative, Inc. ("AEPCO") under the Partial Requirements Capacity and Energy Agreements shall be at the rates set forth in the attached Exhibit A and subject to the terms set forth herein in addition to any applicable terms set forth in the Members' Partial Requirements Capacity and Energy Agreement.

Billing Month – The first calendar month preceding the month the bill is rendered.

Demand Overrun Adjustment – If, in any hour, (i) Member's scheduled load (if Member is not in AEPCO's Control Area) or (ii) Member's metered load less capacity obtained from sources outside the Dispatch Pool (if Member is in AEPCO's Control Area) exceeds its Allocated Capacity, then Member shall be charged a Demand Overrun Adjustment. Such Demand Overrun Adjustment shall equal the product of Member's Fixed Charge multiplied by the demand overrun adjustment factor. The demand overrun adjustment factor shall be any non-negative number determined from the following formula:

$$\text{doaf} = ((\text{mbdkW}) / \text{AC}) - 1$$

Where:

doaf = Demand Overrun Adjustment Factor,
mbdkW = Member Schedule in kW or Metered kW less capacity from sources outside the Dispatch Pool, as applicable, and
AC = Allocated Capacity of Member, in kW.

In addition, Member shall pay for the energy associated with the Demand Overrun Adjustment at the then-applicable Other Resources Energy Rate.

Power Factor – Each Member shall maintain Power Factor at the time of maximum demand as close to unity as possible. If the Power Factor of Member measured at the aggregated Member's Delivery Point(s) at the time of Member's peak demand is outside a bandwidth of 95% leading to 95% lagging, a Power Factor Adjustment shall be separately charged to the Member. The Power Factor Adjustment shall be the product of the Member's power factor adjustment (as set forth below) multiplied by the quotient of the Member's O&M Charge divided by the sum of the Member's 12-month rolling average demand. The power factor adjustment kW shall be any non-negative number determined from the following formula:

$$pfakW = ((mkW / mpf)(bpf)) - mkW$$

Where:

pfakW = power factor adjustment in kW,
 mkW = Member Metered kW,
 mpf = measured power factor at the time of Member peak demand, and
 bpf = 0.95.

The provisions of the power factor adjustment may be waived if power factor is detrimentally impacted as a direct result of system improvements or a change in operational procedure by AEPCO to reduce transmission losses and/or improve system reliability.

Taxes – Bills rendered are subject to adjustment for all federal, state and local government taxes or levies, including any taxes or levies imposed as a carbon tax or “cap and trade” or other carbon assessments system imposed on electricity sales or electricity production and any assessments that are or may be imposed by federal or state regulatory agencies on electric utility gross revenues.

Power Cost Adjustor Rates

“Base Resources” are defined as (1) AEPCO’s Steam Turbine Units 2 and 3, (2) power purchased under contract from the Western Area Power Administration and (3) economy purchases displacing base resources generation.

“Other Resources” are defined as (1) AEPCO’s generation units other than Steam Turbine Units 2 and 3, (2) power purchased under contracts which serve the combined scheduled loads of AEPCO’s Class A members plus power purchased under contract and economy energy purchases (other than economy purchases displacing base resources generation) made for the purpose of meeting the scheduled load requirements of all Class A members and (3) power purchased under contracts or resources which have been acquired to serve Class A Member load and which the Member has expressly agreed to in a participation agreement.

The monthly bill computed under this Tariff shall, using the procedures stated herein, be increased or decreased by an amount equal to the result of multiplying the kWh derived from each resource type by the applicable Power Cost Adjustor Rate for Base Resources and Other Resources where:

Base Resources Adjustor Rate

BF = (BPC + BBA) - BFB

BF = Base Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission-allowed pro forma fuel costs of Base Resources generation, purchased power costs of Base Resources and wheeling costs associated with Base Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Base Resources. The BBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Base Resources kWh energy sales.

BFB = The Base Resources Fuel Base or BFB is \$0.03330 for MEC, \$0.03337 for SSVEC and \$0.03336 for Trico.

Allowable Base Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 2 and 3 as recorded in RUS Account 501, plus
- B. The actual costs associated with Base Resources power purchased for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of energy purchased when such energy is purchased on an economic dispatch basis to substitute for higher cost Base Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Base Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Base Resources power and energy as recorded in RUS Account 447, and less
- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Base Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

Other Resources Adjustor Rate

OF = $(OPC + OBA) - OFB$

OF = Other Resources Power Cost Adjustor Rate in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission-allowed pro forma fuel costs of Other Resources generation, Other Resources purchased power and wheeling costs associated with Other Resources in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over- or under-collected in the past from Other Resources. The OBA component is determined by dividing the over-collected or under-collected bank balance dollars by six months of Other Resources energy sales.

OFB = The Other Resources Fuel Base or OFB is equal to \$0.06971 for MEC, \$0.07241 for SSVEC and \$0.09084 for Trico.

Allowable Other Resources fuel, purchased power and wheeling costs include:

- A. The costs of fossil fuel and natural gas consumed in AEPCO's Steam Generating Units 1, 4, 5 and 6 as recorded in RUS Accounts 501 and 547, plus
- B. The actual costs associated with Other Resources purchased power for reasons other than identified in paragraph (C) below as recorded in RUS Account 555, plus
- C. The cost of Other Resources energy purchased when such energy is purchased on an economic dispatch basis. Included therein are such costs as those charged for economy energy purchases and the charges as a result of a scheduled outage of Other Resources generation units. All such kinds of Other Resources energy being purchased by AEPCO to substitute for its own higher cost Other Resources energy as recorded in RUS Account 555, plus
- D. The firm and non-firm wheeling expenses associated with the delivery of Other Resources energy as recorded in RUS Account 565, excepting network service transmission payments made by AEPCO to Southwest Transmission Cooperative, Inc. for electric power and energy furnished to the all-requirements Class A members, less
- E. The demand and energy costs recovered through non-tariff contractual firm sales of Other Resources power and energy as recorded in RUS Account 447, and less
- F. The demand and energy costs recovered through inter-system economy energy and/or intra-system resource transfer sales of Other Resources power and energy sold on an economic dispatch basis as recorded in RUS Account 447.

On a calendar semi-annual basis, AEPCO shall compute the Power Cost Adjustor Rates as specified herein based upon a rolling 12-month average of allowable fuel, purchased power and wheeling costs (BPC and OPC) plus a bank balance amortization component (BBA and OBA). AEPCO shall initially file by September 1, 2011 and thereafter on March 1 or September 1 of the month preceding the effective date of the revised Power Cost Adjustor Rates (i.e., April 1 or October 1): (1) calculations supporting the revised Adjustor Rates with the Director, Utilities Division, and (2) a Tariff reflecting the revised Adjustor Rates with the Commission which shall be effective for billings after the first day of the following month and which shall continue in effect until revised pursuant to the procedures specified herein.

EXHIBIT A

Effective Date	January 1, 2011*		
Partial Requirements Members:	MEC	SSVEC	Trico
Fixed Charge – \$/month	\$727,283	\$643,991	\$646,435
O&M Charge – \$/month	\$1,274,882	\$1,128,876	\$764,465
Base Resources Energy Rate – \$/kWh	\$0.03215	\$0.03229	\$0.03238
Other Resources Energy Rate – \$/kWh	\$0.06879	\$0.06676	\$0.06604

MEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00818**
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.03478**

SSVEC

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00604**
Other Resources Power Cost Adjustor Rate – \$/kWh	\$0.03632**

Trico

Base Resources Power Cost Adjustor Rate – \$/kWh	\$0.00436**
Other Resources Power Cost Adjustor Rate – \$/kWh	(\$0.05208)**

* Rates are effective for service provided on and after this date.

** Effective October 1, 2011 and determined as set forth in the Tariff.

**Arizona Electric Power Cooperative
Computation of CARM Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Base Resources:**CARM Tariff Formula - Base Resources Adjustor Rate:**

$$BF = (BPC + BBA) - \$0.03361$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 3,801,776.11
CARM Base Resources kWh sales	104,480,506
CARM Base Resources PC - \$/kWh	<u>\$0.03639</u>

Computation of BBA:

CARM Under Collected Balance - as of June 30, 2011	\$ 290,186.31
CARM Amount Recovered Through PPFCA	\$ -
CARM Total Under Collected Balance - as of June 30, 2011	<u>\$ 290,186.31</u>
CARM Base Resources kWh sales	104,480,506
CARM BA - \$/kWh	<u>\$0.00278</u>

Computation of CARM Base Resources**Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.03639 + \$ 0.00278) - \$ 0.03361$$

$$F = \$ 0.03917 - \$ 0.03361$$

$$F = \$ 0.00556$$

Adjustor Rate for October 1, 2011	\$0.00556
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>\$0.00556</u>

**Arizona Electric Power Cooperative
Computation of CARM Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Other Resources:**CARM Tariff Formula - Other Resources Adjustor Rate:**

$$OF = (OPC + OBA) - \$0.07941$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 1,097,131.28
CARM Other Resources kWh sales	14,808,280
CARM Other Resources PC - \$/kWh	<u>\$0.07409</u>

Computation of OBA:

CARM Under Collected Balance - as of June 30, 2011	\$ (78,794.22)
CARM Amount Recovered Through PPFCA	\$ -
CARM Total Under Collected Balance - as of June 30, 2011	<u>\$ (78,794.22)</u>
CARM Other Resources kWh sales	14,808,280
CARM OBA - \$/kWh	<u>\$ (0.00532)</u>

Computation of CARM Other Resources**Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.07409 + \$ (0.00532)) - \$ 0.07941$$

$$F = \$ 0.06877 - \$ 0.07941$$

$$F = \$ (0.01064)$$

Adjustor Rate for October 1, 2011	(\$0.01064)
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>(\$0.01064)</u>

**Arizona Electric Power Cooperative
Computation of Mohave Electric Cooperative Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Base Resources:**Mohave Tariff Formula - Base Resources Adjustor Rate:**

$$BF = (BPC + BBA) - \$0.03330$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 11,164,647.99
Mohave Base Resources kWh sales	298,611,000
Mohave Base Resources PC - \$/kWh	<u>\$0.03739</u>

Computation of BBA:

Mohave Under Collected Balance - as of June 30, 2011	\$ 1,220,901.70
Mohave Amount Recovered Through PPFCA	\$ -
Mohave Total Under Collected Balance - as of June 30, 2011	<u>\$ 1,220,901.70</u>
Mohave Base Resources kWh sales	298,611,000
Mohave BA - \$/kWh	<u>\$0.00409</u>

Computation of Mohave Base Resources**Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.03739 + \$ 0.00409) - \$ 0.03330$$

$$F = \$ 0.04148 - \$ 0.03330$$

$$F = \$ 0.00818$$

Adjustor Rate for October 1, 2011	\$0.00818
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>\$0.00818</u>

Arizona Electric Power Cooperative
Computation of Mohave Electric Cooperative Power Cost Adjustor Rates
Six Months Ended June 30, 2011

Other Resources:

Mohave Tariff Formula - Other Resources Adjustor Rate:

$$OF = (OPC + OBA) - \$0.06971$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 22,209.58
Mohave Other Resources kWh sales	255,000
Mohave Other Resources PC - \$/kWh	<u>\$0.08710</u>

Computation of OBA:

Mohave Under Collected Balance - as of June 30, 2011	\$ 4,433.52
Mohave Amount Recovered Through PPFCA	\$ -
Mohave Total Under Collected Balance - as of June 30, 2011	<u>\$ 4,433.52</u>
Mohave Other Resources kWh sales	255,000
Mohave OBA - \$/kWh	<u>\$0.01739</u>

Computation of Mohave other Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.08710 + \$ 0.01739) - \$ 0.06971$$

$$F = \$ 0.10449 - \$ 0.06971$$

$$F = \$ 0.03478$$

Adjustor Rate for October 1, 2011	\$0.03478
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>\$0.03478</u>

**Arizona Electric Power Cooperative
Computation of Sulphur Springs Valley Electric Coop. Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Base Resources:

Sulphur Springs Tariff Formula - Base Resources Adjustor Rate:

$$BF = (BPC + BBA) - \$0.03337$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 11,889,462.48
Sulphur Springs Base Resources kWh sales	326,757,000
Sulphur Springs Base Resources PC - \$/kWh	<u>\$0.03639</u>

Computation of BBA:

Sulphur Springs Under Collected Balance - as of June 30, 2011	\$ 985,581.39
Sulphur Springs Amount Recovered Through PPFCA	\$ -
Sulphur Springs Total Under Collected Balance - as of June 30, 2011	<u>\$ 985,581.39</u>
Sulphur Springs Base Resources kWh sales	326,757,000
Sulphur Springs BA - \$/kWh	<u>\$0.00302</u>

**Computation of Sulphur Springs Base Resources
Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.03639 + \$ 0.00302) - \$ 0.03337$$

$$F = \$ 0.03941 - \$ 0.03337$$

$$F = \$ 0.00604$$

Adjustor Rate for October 1, 2011	\$0.00604
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>\$0.00604</u>

**Arizona Electric Power Cooperative
Computation of Sulphur Springs Valley Electric Coop. Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Other Resources:

Sulphur Springs Tariff Formula - Other Resources Adjustor Rate:

$$OF = (OPC + OBA) - \$0.07241$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 17,570.95
Sulphur Springs Other Resources kWh sales	194,000
Sulphur Springs Other Resources PC - \$/kWh	<u>\$0.09057</u>

Computation of OBA:

Sulphur Springs Under Collected Balance - as of June 30, 2011	\$ 3,523.41
Sulphur Springs Amount Recovered Through PPFCA	\$ -
Sulphur Springs Total Under Collected Balance - as of June 30, 2011	<u>\$ 3,523.41</u>
Sulphur Springs Other Resources kWh sales	194,000
Sulphur Springs OBA - \$/kWh	<u>\$0.01816</u>

**Computation of Sulphur Springs Other Resources
Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.09057 + \$ 0.01816) - \$0.07241$$

$$F = \$ 0.10873 - \$ 0.07241$$

$$F = \$ 0.03632$$

Adjustor Rate for October 1, 2011	\$0.03632
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>\$0.03632</u>

**Arizona Electric Power Cooperative
Computation of Trico Electric Cooperative Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Base Resources:

Trico Tariff Formula - Base Resources Adjustor Rate:

$$BF = (BPC + BBA) - \$0.03336$$

BF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BPC = The Commission allowed Base Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

BBA = The "Base Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of BPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 7,792,344.07
Trico Base Resources kWh sales	219,277,112
Trico Base Resources PC - \$/kWh	<u>\$0.03554</u>

Computation of BBA:

Trico Under Collected Balance - as of June 30, 2011	\$ 477,259.60
Trico Amount Recovered Through PPFCA	\$ -
Trico Total Under Collected Balance - as of June 30, 2011	<u>\$ 477,259.60</u>
Trico Base Resources kWh sales	219,277,112
Trico BA - \$/kWh	<u>\$0.00218</u>

Computation of Trico Base Resources

Power Cost Adjustor Rate - \$/kWh

$$F = (\$ 0.03554 + \$ 0.00218) - \$ 0.03336$$

$$F = \$ 0.03772 - \$ 0.03336$$

$$F = \$ 0.00436$$

Adjustor Rate for October 1, 2011	\$0.00436
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>\$0.00436</u>

**Arizona Electric Power Cooperative
Computation of Trico Electric Cooperative Power Cost Adjustor Rates
Six Months Ended June 30, 2011**

Other Resources:**Trico Tariff Formula - Other Resources Adjustor Rate:**

$$OF = (OPC + OBA) - \$0.09084$$

OF = Adjustment factor in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OPC = The Commission allowed Other Resources pro forma fuel, purchased power and wheeling costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001).

OBA = The "Other Resources Bank Account" represents allowable accumulated fuel and purchased energy costs in dollars per kWh, rounded to the nearest one-thousandth of a cent (\$0.00001) over or under collected in the past.

Computation of OPC:

Pro Forma Fuel, Purchased Power and Wheeling Costs	\$ 5,531,446.63
Trico Other Resources kWh sales	85,355,420
Trico Other Resources PC - \$/kWh	<u>\$0.06480</u>

Computation of OBA:

Trico Under Collected Balance - as of June 30, 2011	\$ (2,222,239.60)
Trico Amount Recovered Through PPFCA	\$ -
Trico Total Under Collected Balance - as of June 30, 2011	<u>\$ (2,222,239.60)</u>
Trico Other Resources kWh sales	85,355,420
Trico OBA - \$/kWh	<u>\$ (0.02604)</u>

Computation of Trico Other Resources**Power Cost Adjustor Rate - \$/kWh**

$$F = (\$ 0.06480 + \$ (0.02604)) - \$ 0.09084$$

$$F = \$ 0.03876 - \$ 0.09084$$

$$F = \$ (0.05208)$$

Adjustor Rate for October 1, 2011	(\$0.05208)
Adjustor Rate Effective January 1, 2011	<u>\$0.00000</u>
Increase to Adjustor Rate	<u>(\$0.05208)</u>

Arizona Electric Power Cooperative, Inc.
Summary of Base and Other Resource Fuel Adjustor Costs
Six Months ended June 30, 2011

Description	Total Costs	CARM Allocated	MEC Allocated	SSVEC Allocated	TRICO Allocated
Base Resource Fuel Adjustor Costs:					
January-11	\$ 6,624,766.06	\$ 679,068.97	\$ 2,049,766.95	\$ 2,269,494.41	\$ 1,626,435.73
February-11	5,875,034.21	615,647.54	1,787,445.14	2,062,177.02	1,409,764.51
March-11	4,588,931.31	510,346.20	1,506,353.18	1,582,108.64	990,123.29
April-11	3,989,181.92	461,838.35	1,407,113.31	1,290,238.34	829,991.92
May-11	6,123,597.51	669,357.29	1,975,486.97	2,157,388.00	1,321,365.25
June-11	7,446,719.64	865,517.76	2,438,482.44	2,528,056.07	1,614,663.37
Total	\$ 34,648,230.65	\$ 3,801,776.11	\$ 11,164,647.99	\$ 11,889,462.48	\$ 7,792,344.07
Other Resource Fuel Adjustor Costs:					
January-11	\$ 466,955.01	\$ 27,107.82	\$ -	\$ 1,096.09	\$ 438,751.10
February-11	504,125.63	57,662.85	237.52	3,527.45	442,697.81
March-11	808,162.79	215,573.06	21,798.30	10,585.27	560,206.16
April-11	1,313,522.78	294,835.16	23.88	1,359.71	1,017,304.03
May-11	1,502,759.26	205,254.53	9.96	738.32	1,296,756.45
June-11	2,072,832.97	296,697.86	139.92	264.11	1,775,731.08
Total	\$ 6,668,358.44	\$ 1,097,131.28	\$ 22,209.58	\$ 17,570.95	\$ 5,531,446.63
Base Resource Billing Units:					
January-11	180,271,017	18,264,934	54,728,000	62,145,000	45,133,083
February-11	155,316,752	16,074,113	45,960,000	55,075,000	38,207,639
March-11	122,007,641	13,856,885	38,687,000	42,226,000	27,237,756
April-11	111,663,173	13,435,749	38,254,000	35,359,000	24,614,424
May-11	169,275,091	18,364,411	53,012,000	60,437,000	37,461,680
June-11	210,591,944	24,484,414	67,970,000	71,515,000	46,622,530
Total	949,125,618	104,480,506	298,611,000	326,757,000	219,277,112
Other Resource Billing Units:					
January-11	4,189,920	259,806	-	7,000	3,923,114
February-11	6,138,582	296,410	8,000	19,000	5,815,172
March-11	20,426,664	4,365,804	245,000	129,000	15,686,860
April-11	26,656,440	5,802,008	1,000	13,000	20,840,432
May-11	16,098,331	1,756,668	-	23,000	14,318,663
June-11	27,102,763	2,327,584	1,000	3,000	24,771,179
Total	100,612,700	14,808,280	255,000	194,000	85,355,420
Summary of Under (Over) Collected Bank Balances:					
Base Resources	\$ 2,973,929.00	290,186.31	1,220,901.70	985,581.39	477,259.60
Other Resources	(2,293,076.89)	(78,794.22)	4,433.52	3,523.41	(2,222,239.60)
Total	\$ 680,852.11	\$ 211,392.09	\$ 1,225,335.22	\$ 989,104.80	\$ (1,744,980.00)